

Yeovil VE Limited

Directors' report and accounts

Registered number 3754276

31 December 2002



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Company information

Directors

Jan Prideaux
David Smith
Abbeyfield VE Limited
Linkmel VE Limited

Company secretary

Abbeyfield VE Limited

Registered office

Abbeyfield Road
Lenton Industrial Estate
Lenton
Nottingham
NG7 2SP

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Bankers

HSBC Bank plc
6 Victoria Street
Nottingham
NG1 2FF

Solicitors

Pinsent Curtis Biddle
3 Colmore Circus
Birmingham
B4 6BH

Directors' report

The directors present their report and accounts for the year ended 31 December 2002.

Principal activity and business review

The company's principal activity during the year was the provision of optical goods and services. No change is planned to these activities.

Results and dividends

The profit after taxation amounted to £116,000 (2001: £71,000).

Dividends of £45,000 (2001: £nil) were paid during the year. No final dividend has been proposed (2001: £nil).

Directors

The board of directors is as follows:

J Prideaux
D Smith
Abbeyfield VE Limited
Linkmel VE Limited

Directors' interests

The directors have the following interests in the share capital of the company:

	'A' Ordinary £1 shares		'B' Ordinary £1 shares	
	2002	2001	2002	2001
	Number	Number	Number	Number
J Prideaux	25	25	-	-
D Smith	25	25	-	-
Abbeyfield VE Limited	-	-	50	50
Linkmel VE Limited	-	-	-	-
	50	50	50	50

Auditors

The company has dispensed with the requirement to re-appoint auditors annually under s386 of the Companies Act 1985 and therefore KPMG LLP will continue in office.

By the Order of the Board



R Reed
Company Secretary

15 July 2003

On behalf of
Abbeyfield VE Limited

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

St Nicholas House
Park Row
NOTTINGHAM
NG1 6FQ

Report of the independent auditors to the members of Yeovil VE Limited

We have audited the accounts on pages 5 to 13.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

*Chartered Accountants
Registered Auditor*

15 July 2003

Profit and loss account
for the year ended 31 December 2002

	<i>Notes</i>	2002 £000	2001 £000
Turnover	2	827	708
Cost of sales		(147)	(140)
Gross profit		680	568
Administrative expenses		(502)	(450)
Operating profit		178	118
Other interest receivable and similar income	<i>4</i>	3	-
Interest payable and similar charges	<i>5</i>	(7)	(11)
Profit on ordinary activities before taxation	<i>6</i>	174	107
Tax on profit on ordinary activities	<i>7</i>	(58)	(36)
Profit on ordinary activities after taxation		116	71
Dividends	<i>8</i>	(45)	-
Retained profit for the financial year	<i>17</i>	71	71

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

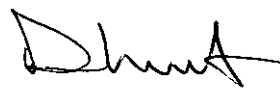
Balance sheet
as at 31 December 2002

	<i>Notes</i>	£000	2002 £000	£000	2001 £000
Fixed assets					
Tangible assets	9		177		199
Current assets					
Stocks	10	30		31	
Debtors	11	25		27	
Cash at bank and in hand		68		11	
		<u>123</u>		<u>69</u>	
Creditors: amounts falling due within one year	12	<u>(113)</u>		<u>(134)</u>	
Net current assets/(liabilities)			<u>10</u>		<u>(65)</u>
Total assets less current liabilities			<u>187</u>		<u>134</u>
Creditors: amounts falling due after more than one year	13		<u>(31)</u>		<u>(51)</u>
Provisions for liabilities and charges	15		<u>(2)</u>		<u>-</u>
Net assets			<u>154</u>		<u>83</u>
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account	17		154		83
Equity shareholders' funds	18		<u>154</u>		<u>83</u>

These accounts were approved by the board of directors on 15 July 2003 and were signed on its behalf by:



J Prideaux
Director



D Smith
Director

Notes

(forming part of the accounts)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts. The company has applied FRS 19 'Deferred tax' for the first time in these accounts. The comparative figures did not require restatement.

Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Depreciation

Depreciation is provided on all tangible and intangible fixed assets at annual rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- 10 years
Fixtures and equipment	- 3 - 10 years

Premiums, reverse premiums and similar incentives

Premiums, reverse premiums and similar incentives on property leases are held on the balance sheet as deferred income or other debtors and are released to the profit and loss account on a straight line basis over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Foreign currency

All foreign exchange differences are taken to the profit and loss account in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies are expressed at the rate prevailing at the balance sheet date.

Leasing commitments

Assets acquired under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the lease obligations is charged to the profit and loss account on a sum of digits basis.

Operating lease rentals are charged to the profit and loss account over the lease term.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pensions

The company operates a defined contribution scheme.

Pension cost charges in the accounts represent contributions payable in the accounting year (note 3). The company provides no other post retirement benefits to its employees.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Notes (continued)

2 Turnover

Turnover represents the invoiced amount of optical goods sold and services provided, excluding value added tax. All turnover arose in the United Kingdom.

3 Employees and directors

	2002 £000	2001 £000
<i>Staff costs (including directors):</i>		
Wages and salaries	203	172
Social security costs	19	15
Other pension costs	2	-
	224	187
	Number	Number
<i>The average number of employees during the period was made up as follows:</i>		
Management	1	2
Store retail	5	5
Store laboratory	2	1
Opticians	2	1
	10	9
	£000	£000
Directors' emoluments	91	90
Company contributions to money purchase pension schemes	2	-
	93	90

The emoluments are with respect to the management of the affairs of the company.

Retirement benefits are accruing to two (2001: nil) directors under defined contribution pension schemes.

4 Other interest receivable and similar income

	2002 £000	2001 £000
Bank interest	3	-

5 Interest payable and similar charges

	2002 £000	2001 £000
On bank overdraft	-	1
On finance leases	7	10
	7	11

Notes (continued)

6 Profit on ordinary activities before taxation

	2002 £000	2001 £000
<i>This is stated after charging:</i>		
Auditors' remuneration - audit	1	1
Depreciation - owned assets	25	24
- leased assets	15	14
Rentals under operating leases - land and buildings	42	42
Loss on disposal of fixed assets	-	-

7 Tax on profit on ordinary activities

	2002 £000	2001 £000
<i>Tax on profit on ordinary activities is as follows:</i>		
United Kingdom corporation tax at 30%		
Current year	56	37
Prior year	1	1
Total current tax charge	57	38
Deferred taxation		
Origination and reversal of timing differences	1	(2)
	58	36

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2001: higher) than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained below:

	£000	£000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	174	107
Current tax at 30% (2001: 30%)	52	32
<i>Effects of:</i>		
Expenses not deductible for tax purposes	7	4
Depreciation for the year in excess of capital allowances	-	1
Other timing differences	(3)	-
Adjustments to tax charge in respect of previous years	1	1
Total current tax charge	57	38

Notes (continued)

8 Dividends

	2002 £000	2001 £000
Dividends paid	45	-
Dividends proposed	-	-
	45	-

9 Tangible fixed assets

	Leasehold improve- ments £000	Fixtures and equipment £000	Total £000
<i>Cost:</i>			
At 1 January 2002	124	143	267
Additions	-	18	18
Disposals	-	-	-
	124	161	285
At 31 December 2002	124	161	285
<i>Accumulated depreciation:</i>			
At 1 January 2002	23	45	68
Charge for the year	13	27	40
Disposals	-	-	-
	36	72	108
At 31 December 2002	36	72	108
<i>Net book value:</i>			
At 31 December 2002	88	89	177
At 31 December 2001	101	98	199

Included in the fixed assets are the following amounts relating to assets acquired under finance leases:

	Leasehold improve- ments £000	Fixtures and equipment £000	Total £000
Cost	3	96	99
Accumulated depreciation	(1)	(44)	(45)
	2	52	54
At 31 December 2002	2	52	54
At 31 December 2001	2	67	69

Notes *(continued)*

10 Stocks

	2002	2001
	£000	£000
Finished goods and goods for resale	30	31

11 Debtors

	2002	2001
	£000	£000
Trade debtors	3	6
Other debtors	6	5
Prepayments and accrued income	16	16
	25	27

12 Creditors: amounts falling due within one year

	2002	2001
	£000	£000
Bank overdraft	-	-
Obligations under finance leases (note 14)	20	18
Trade creditors	12	6
Amounts owed to group undertakings	14	39
Corporation tax	40	22
Other creditors including taxation and social security	11	42
Accruals and deferred income	16	7
	113	134

Included within 'other creditors including taxation and social security' is £nil (2001: £26,000) due to the directors of the company.

Obligations under finance leases are secured against the assets to which they relate.

13 Creditors: amounts falling due after more than one year

	2002	2001
	£000	£000
Obligations under finance leases (note 14)	31	51
Other creditors	-	-
	31	51

Obligations under finance leases are secured against the assets to which they relate.

Notes (continued)

14 Obligations under finance leases

	2002 £000	2001 £000
Amounts payable within one year (note 12)	20	18
Amounts payable within two to five years (note 13)	31	51
	<u>51</u>	<u>69</u>

15 Provisions for liabilities and charges

	2002 £000	2001 £000
<i>Tax effect of timing differences because of:</i>		
Excess of capital allowances over depreciation	1	-
Tax losses carried forward	-	-
	<u>1</u>	<u>-</u>

	Deferred tax £000	Other provisions £000	Total 2002 £000	2001 £000
Opening balance	-	-	-	2
Charged/(credited) to profit and loss account	1	1	2	(2)
	<u>1</u>	<u>1</u>	<u>2</u>	<u>-</u>
Closing balance	1	1	2	-

Other provisions relate to the expected cost of providing extended warranty cover to customers.

16 Called up share capital

	2002 £	2001 £
<i>Authorised, allotted, called up and fully paid:</i>		
50 'A' ordinary shares of £1 each	50	50
50 'B' ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Both the 'A' and 'B' ordinary shares have voting rights. The 'B' ordinary shares entitle the holders to appoint three 'B' directors, including the chairman.

The 'B' ordinary shares do not entitle the holders to receive a dividend.

On winding up the 'A' and 'B' ordinary shares rank *pari passu*.

Notes (continued)

17 Reserves

	Profit and loss account £000
Opening balance	83
Profit for the year	71
At 31 December 2002	154

18 Reconciliation of movement in equity shareholders' funds

	2002 £000	2001 £000
Profit for the financial year	116	71
Dividends	(45)	-
Net addition to equity shareholders' funds	71	71
Opening equity shareholders' funds	83	12
Closing equity shareholders' funds	154	83

19 Operating lease commitments

	2002 £000	2001 £000
<i>The annual commitments in respect of operating leases are as follows:</i>		
Land and buildings: Leases expiring after five years	42	42

20 Related party transactions

During the accounting year ended 31 December 2002 Yeovil VE Limited entered into transactions with Vision Express (UK) Limited, Central Lab VE Limited, Vision Express Leasing Limited, other members of the Vision Express UK group, and Abbeyfield VE Limited who hold a 50% shareholding in the company.

The value of the intercompany trading for the resale of stock items and the invoicing of service fees amounted to £335,000 (2001: £351,000), and for fixed asset transactions amounted to £nil (2001: £nil). Amounts of £6,000 (2001: £6,000), £5,000 (2001: £31,000), £nil (2001: £nil) and £3,000 (2001: £2,000) are owed to Vision Express (UK) Limited, Abbeyfield VE Limited, Central Lab VE Limited and Vision Express Leasing Limited, respectively as at 31 December 2002.